



It's *Your* Benefit

Health insurance and other benefit programs for state and local employees and retirees

How Does a Layoff Affect My Fringe Benefit Rights?

Even though the 2003-05 state budget was not finalized by *It's Your Benefit* printing deadlines, state and local agencies have been preparing for the likelihood of laying off employees. If you are a state employee facing permanent layoff, and you are enrolled in the group health insurance program and/or the Employee Reimbursement Account (ERA) program, this article will explain your options.

If you are a local employee facing layoff, contact your employer, since layoff procedures vary widely.

For state employees, the following applies:

Health Insurance: Each state agency will notify its employees of required procedures. Your employer pays for your health insurance premium up to two months in advance. Upon layoff, your employer will pay an additional three months pre-

mium before you become responsible for the full premium cost. After this period of up to five months of coverage, you may be able to pay premiums through the sick leave credits or directly to your carrier as described below.

Sick Leave Conversion Credits for those on permanent lay-off:

Permanently laid off employees can convert accumulated sick leave into credits to pay for health insurance premiums. Converted sick leave credits can be used until the credits are exhausted, you are re-employed at a job that provides a comparable health insurance plan or policy, or five years have elapsed from the date of layoff, whichever comes first. Accepting a position with an employer who provides a comparable health insurance plan or policy terminates your eligibility to use sick leave credits to

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Focus on Health Care Quality, Safety Continues

The last issue of *It's Your Benefit* (Vol. 2 No. 1, January 2003), reported on the department's support of Leapfrog, a nationwide effort to spur improvements in patient safety and quality of care. At its core is a requirement that hospitals publicly report on their progress toward adopting key patient safety practices or procedures proven to reduce medical mistakes.

As administrator of the state's group health insurance program, we have asked participating health insurance plans to urge their qualifying hospitals to cooperate in this effort* by reporting their progress. ETF, in turn, encourages you to use the information reported by hospitals to:

- a) Learn more about patient safety and health care quality issues.
- b) Evaluate and compare the hospitals in your plan in terms of their progress in complying with the standards. Use this information, along with advice from your doctor and information from other

trusted sources, to determine which one has the best care and results for your condition.

- c) Understand the cost/quality tradeoffs when making hospital or provider choices.

Last time we briefly highlighted the key patient safety practices. Here, we provide more detail on how they will help spur improvements in the quality and safety of your health care experience.

Using Computerized Physician Order Entry (CPOE) Systems

With computerized prescription systems, doctors enter orders into a computer rather than writing them down on paper. The prescription can be automatically checked against your current information for potential mistakes or problems. For example, before the doctor can complete the prescription order, the computer would check to see if it would interact negatively with another drug you are taking, or recognize if you have a known allergy to it. This type of system also reduces mistakes that occur

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pay health insurance premiums. *If you choose to use your sick leave to pay for health insurance premiums, then you must establish this with your payroll/benefits/personnel office prior to the date of layoff.*

Generally, employees have three or five years to return to state employment and reinstate sick leave hours. Employees should consult their collective bargaining agreement (represented employees) or the Department of Employment Relations rules (non-represented employees) to determine the time period within which any remaining sick leave balance will be reinstated upon return to state employment.

Sick Leave Conversion Credits for those eligible to retire:

If you are of minimum retirement age (55 for general employees, 50 for protectives), you have more options:

- You can retire. Your sick leave credits will be used for payment of post-retirement health insurance premiums until exhausted.

Note: if you are eligible to use your sick leave credits and have 15 years of adjusted continuous state service, when you convert your sick leave you will receive some supplemental sick leave credits. Check with your employer for the exact amount.

- If you have 20 years of Wisconsin Retirement System (WRS) creditable service and are eligible for an immediate annuity (beginning within 30 days of your termination), you can convert your sick leave to use for paying premiums, but do not have to retire.

In both of these cases, if you return to state employment or get another job that offers comparable health insurance before you exhaust your sick leave credits, you may “escrow” (bank) the remaining balance for later use. However, your sick leave credits cannot be reverted back to sick leave for use in active employment.

Some considerations regarding your options:

- What is the likelihood of returning to work for the state? If you are intending to return to work and feel confident that you will be able to find a state position, using sick leave credits as a laid off employee will allow you to reinstate any remaining credits when you return to state employment. Be realistic about the possibility of finding a new state position.
- If you think you can return to state employment at a later date, what is a reasonable assessment of your new wage? If you use your sick leave as a laid off employee then return to work, the value of your sick leave credits will be recalculated using your wage at the time of your retirement. On the other hand, if you convert your sick leave to credits as a retiree or 20-year employee eligible for an annuity, your sick leave balance will remain con-

verted at that amount until you again begin using it.

If you decide to convert your sick leave as a result of your eligibility for an immediate annuity, questions regarding sick leave balances should be directed to the Department of Employee Trust Funds. Otherwise, once you start using your sick leave as payment for your health insurance premium through your layoff rights, your employer is responsible for monitoring and reporting the status of your account to you.

COBRA/Continuation: Eligibility to use your sick leave as a laid off employee ends after your sick leave credits have been exhausted, five years pass, or you are re-employed at a job that provides a comparable health insurance plan or policy (whether or not you choose to enroll). However, you are eligible to continue coverage by paying the entire premium out-of-pocket, under circumstances listed below.

- You will be able to purchase coverage for up to 36 months of coverage from the date of your qualifying event or the date of the employer notice, whichever is later. You will receive a continuation notice from your employer when you become eligible.
- If you have 20 years of creditable service, you are eligible for lifetime coverage. A check box on the continuation notice provides this option to you. You will be billed directly by your health insurance carrier.

Employee Reimbursement Accounts (ERA) Program: If you participated in a medical expense reimbursement account, you may continue this account after layoff through the end of the plan year. You may:

1. Pay the remainder of the annual election amount on a pre-tax basis from your last paycheck before layoff begins.
2. Pay the remainder of the annual election out-of-pocket after layoff.
3. Within 30 days of layoff, file a Change of Status form to reduce your annual election amount for the remainder of the year. The reduced contribution amount can be deducted from your last paycheck or paid out-of-pocket. If you discontinue your medical account contributions, coverage will cease at the end of the pay period following the last pay period from which an ERA last contribution was made. Any dollars left in the account will be forfeited. Dependent Care Reimbursement Account contributions will end with your last paycheck, but you can continue to claim eligible expenses until the account is exhausted.

If you have questions, call ETF toll free at 1-877- 533-5020 or (608) 266-3285 (local Madison).

Employers Nationwide Report Higher Health Costs

A nationwide survey of public and private employers by a leading human resource consulting firm found that increases in health care costs last year were the biggest since 1990, and to many this came as no surprise. Employers were well aware of inflationary pressure from an aging workforce, consolidation of providers and insurers, and advances in medical technology.

Survey findings:

- Total health benefit costs rose 14.7% in 2002.
- Employers are attempting to control prescription drug cost increases and alter their employees' purchasing behavior by adding tiers or raising copayments. Large employers (500 or more employees) said prescription drug costs in 2002 increased 16.9%.
- Employers made medical plan design changes to share costs with employees. For Health Maintenance Organizations (HMOs), hospital deductibles or copayments were added or increased. Some 45% of employers now require these, up from 35% two years ago.

• 34% of large employers offer medical coverage to pre-Medicare eligible retirees and 27% offer it to Medicare eligible retirees. Five years ago these numbers were 38% and 31%, respectively.

The consulting firm expects to see an increase in the number of employers adopting strategies designed to foster more cost-efficient use of health care systems by employees.

For example, they are considering using networks within networks — where employees are offered more efficient, higher-quality plans or physician and hospital groups at a lower cost than less cost-effective groups.

According to the survey, the consensus from health care experts is that consumers need to be more engaged in making choices, and nationwide, employers are installing systems to encourage them to do so.



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from misreading a doctor's handwriting. Studies show a computerized prescription system can reduce serious medication mistakes by up to 86%.

Staffing ICUs with "Intensivists"

Use of "Intensivists," physicians specially trained to care for critically ill patients in Intensive Care Units (ICUs), saves lives. Studies show that at least one in ten patients who die every year in ICUs would have an increased chance to live if intensivists were present in the ICU and managing their care for at least eight hours per day. While not every hospital's ICU can assure eight hours per day of intensivist care, this is an important factor to consider if your doctor expects you will stay in an ICU during your hospitalization.

Evidence-based Hospital Referral (EHR)

It's important to have access to hospitals with either proven results or a lot of experience with conditions or procedures that have a high risk of death or complications. The best way to determine a hospital's performance record on these is by knowing the actual results of patient care (outcomes). That kind of information is usually not readily available. A good alternative is to find out how many of these a hospital performs, because there is a connection between "volume" and patient outcomes. If you go to a hospital that frequently performs these procedures and/or have demonstrated a good record for patient outcomes,

However you measure it — lives lost, productivity reduced, higher premiums and out-of-pocket costs — the cost of poor quality is too high. Our members simply cannot afford it.

- ETF Secretary Eric Stanchfield, in a statement announcing the department's support of the Leapfrog effort.

you have the best chance of surviving and successfully recovering.

How can I evaluate and compare the hospitals in my plan?

• Check the *It's Your Choice* booklet this fall. ETF has asked the health plans to encourage their affiliated hospitals (those that are eligible to comply with the Leapfrog standards) to complete Leapfrog's survey on the aforementioned patient safety practices. We will indicate which hospitals have responded to the voluntary survey. To date, nine Wisconsin hospitals have responded.

• To view the *Leapfrog Results* online, go to www.Leapfroggroup.org. You'll see how the hospitals compare with regard to adopting CPOE systems and ICU intensivist staffing. The hospitals also reported on how many of a certain type of procedure they perform each year and you will see whether the hospital's "volume" for these procedures meets or exceeds Leapfrog standards. If you don't find the hospital you use listed in the survey results, call the hospital and ask that it complete the Leapfrog survey.

For more on health care quality and safety, go to www.qualitycounts.org, a Web site courtesy of the Alliance, a not-for-profit, employer-owned health care purchasing cooperative.

*Currently, only hospitals located in urban areas were asked to complete the survey.

Take Care to Enjoy the Good Old Summertime....

Getting ready for the big vacation or just a long weekend up north? Enjoy! But don't forget to plan for your health, just in case.



Before you go:

- Know your health plan's requirements on what to do if you need urgent or emergency medical care. Have the appropriate phone number(s) along with you. Follow up care is normally required from providers in your health plan's network.
- If you know you'll need medical care while you're away, contact your health plan prior to your departure to discuss your needs. Don't assume that care will be authorized. Follow up with the plan until you understand what steps to take be-

fore you go and while you're away.

- Some plans have the ability to tap into nationwide physician networks. Using these networks can often make the authorization process for urgent care and payment go more smoothly.
- Pack your prescriptions in their original packaging in your carry on luggage to avoid possible problems with airport security. Keep in mind that our health policy does not pay for lost, stolen, or forgotten medications.
- Plan ahead for a prescription refill that you may need while you're away. Contact your plan before you leave about getting it filled early or while you're gone.

I Have a Complaint: Where Do I Begin?

Have you ever wondered how to initiate the complaint process in the event you think there may be a problem with benefits or services covered under your insurance contract? The department's complaint resolution process is designed to assist you in resolving such problems.

The first level of administrative review available to you through ETF is an informal review by the staff in the Quality Assurance Services Bureau. This level of review allows the most latitude for resolution of your problem. Our staff advocate for you and attempt to resolve complaints and disputes on your behalf. If a satisfactory resolution cannot be negotiated, we will

advise you on subsequent avenues of appeal.

In order to begin the ETF review process, you must first complete your health plan's grievance process. To initiate an ETF review, complete and return the *Insurance Complaint* form (ET-2405). You may obtain a copy of this form either from your payroll and benefits office or our Web site, etf.wi.gov. To request a paper copy, contact us toll free at 1-877-533-5020 or (608) 266-3285 (local Madison). This form is *required* to begin the ETF review process for any health insurance complaint. If you have questions about filing an insurance complaint, contact us at the phone numbers listed above.

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